



Navy-Industry **International Dialogue**

08 November 01

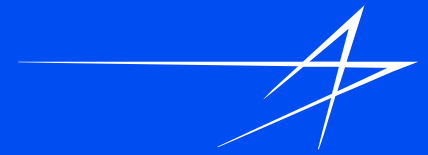


Royal Netherlands Navy (RNLN) P-3C Capabilities Upkeep Program (CUP)

FMS Transparency

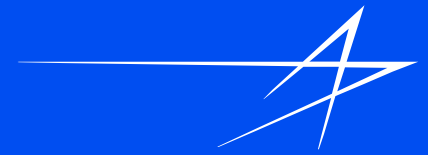
***Wayne Lundquist
Lockheed Martin Tactical Systems
Eagan, MN***

Agenda Topics



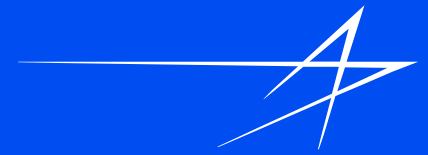
- ***CUP Background***
- ***LOA Development***
- ***Alpha Contracting/Negotiations***
- ***Results of the Process***
- ***Observations***

CUP Background



- ***Upgrade of 10 Royal Netherlands Navy (RNLN) P-3C aircraft***
 - ***Mission system upgrade consisting of elements of U.S. Navy P-3C AIP, BMUP, and some new CUP unique equipment integrated with retained equipment***
- ***Numerous commercial Requests for Information (RFI's) and FMS Price and Availability (P&A) requests over the last 8 years prior to the LOR submittal***

LOA Development



- **U.S. Navy Program Manager set the tone for total openness between U.S. Navy, Royal Netherlands Navy, and industry**
 - **This will be a “real” IPT process**
- **Program Definition Conference (Late Nov 99/Early Dec 99)**
 - **Held within several weeks of LOR submittal with all parties present**
 - **Established understanding of requirements to allow pricing to begin**
- **LOA Definition Conference (Mid January 00)**
 - **Review of combined U.S. Navy/Industry pricing**
 - **Identification of issues and action items**
- **Pricing Updates and Review Meetings (February/March 00)**
 - **Two formal updates to initial pricing**
 - **Joint U.S. Navy/RNLN/LMTS review meetings**
- **Formal LOA submitted 13 April 00 and approved 21 June 00**

Alpha Contracting/Negotiations



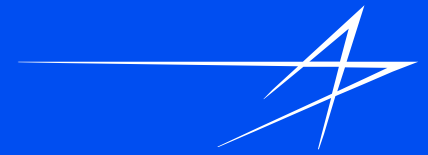
- **RNLN Team consisting of**
 - **Cdr. Jan Caspers, CUP Program Manager**
 - **LCdr Edwin Rutgers, CUP On-Site Representative**
 - **LCdr Cor van Dijk, CUP FMS Program Manager**
 - **Hans Sholten, Netherlands MOD Auditor**
- **RNLN technical negotiations participation**
 - **Participated in the detailed review of program requirements and the specific efforts required to satisfy the requirements**
 - **Reviewed Basis of Estimates - Financial data deleted**
 - **Provided on-site resolution of cost/scope issues**
 - **Resulted in accurate and well understood contract documentation**
- **RNLN price negotiations participation**
 - **Did not directly participate in cost negotiations**
 - **DCMA provided USN audit results to RNLN**
 - **Final pricing summary prepared and presented at conclusion of negotiations to the same level as that contained in LOA**

Results of the Process



<u>Event</u>	<u>Planned Date</u>	<u>Actual Date</u>
LOR Receipt	Nov 99	Nov 99
LOA Submittal	28 Feb 00	13 Apr 00
LOA Approval	31 Mar 00	21 June 00
FFP Proposal Update	April 00 - June 00	May 00 - Dec 00
Alpha Contracting	July 00 - August 00	Jan 01 - March 01
Negotiations and Definitization	Sept 00 - Nov 00	March 01 - July 01
Contract Award	Nov 00	8 Aug 01

Observations on the Effect of Transparency



- ***FMS Transparency facilitates team effort***
 - ***Total team effort to fulfill RNLN mission and budget requirements***
 - ***Team worked well together***
 - ***Very few “Navy Only” or “LMTS Only” meetings***
- ***FMS Transparency does add effort to the process in terms of preparation of “sanitized” reports and documentation for the end user***
- ***FMS Transparency takes longer but improves the final product***
 - ***All parties have a common definition and understanding of the program requirements***
 - ***End User acceptance of the work scope and associated price***
 - ***It is his money***
 - ***Developed relationships and trust will carry over to the program and make it easier for the parties to deal with the eventual problems***



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